

Millennium Challenge Corporation



MADAGASCAR

Madagascar was selected to participate in Millennium Challenge Account program in fiscal years 2004-2006.



General Information:

Population: 17,332,328

Location: Southern Africa, island in the Indian Ocean

Capital City: Antananarivo

Relative Size: Nearly twice the size of Arizona

Economic Statistics:

GNI Per Capita: \$300

Gross Domestic Product: \$4.4 billion

GDP Growth Rate: 5%

Compact Goal

Madagascar's goal is to shift production activity from subsistence toward a market driven economy. Madagascar plans to achieve this goal through a nearly \$110 million program over four years. The Compact will support a program designed to raise incomes in rural areas by enabling better land use, expansion of the financial sector, and increased investment in farms and other rural businesses.

This three-pronged approach will provide the rural population with means to increase investment in their land and raise agricultural productivity.

Expected Results

MCC anticipates the following results in the five regions of the country targeted by the program:

- Increase in total investment by 27% of average regional land values
- Each dollar of credit invested will raise farming incomes by 18% per year
- Increase overall income by 5% of average regional land values
- Title 250,000 hectares of land
- Increase microfinance lending by \$5 million
- Develop an agribusiness strategy for each zone

Update on Progress

- Madagascar's Compact was signed April 18, 2005.
- Entry into force and an initial disbursement of approximately \$2.5 million occurred on July 27, 2005.
- MCA-Madagascar is operational with an active Steering Committee and Advisory Council.
- Implementation is beginning on the three projects.

MCA-Madagascar received its second quarterly disbursement in December 2005.